



Recreational Boating

AUSTRALIA

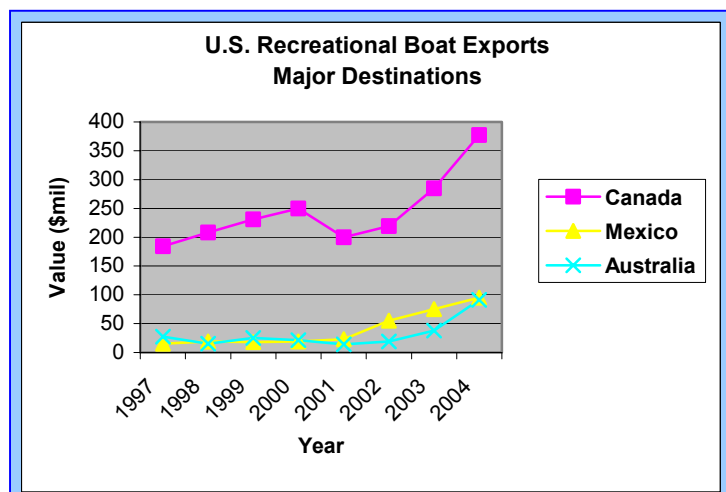
A U.S. Commercial Service Market Brief – July 2005

SUMMARY

- ▶ Boating activities are popular in Australia as serious sport and leisure pastimes. They offer challenge and excitement, fresh air and exercise, and opportunities for full-time commercial businesses.
- ▶ The Australian boating marketplace for both sail and power is experiencing a period of robust growth, as demonstrated by a threefold increase in imports in 2004 over 2002.
- ▶ The booming Australian domestic economy, the removal of remaining tariffs under the Australia - U.S. Free Trade Agreement, and the strong Aussie dollar, have combined to provide a sea of opportunities for boat importers.
- ▶ Australia imported \$93 million worth of pleasure boats and accessories from the U.S. during 2004, a threefold increase over the 2003 level.
- ▶ U.S.-manufactured boats, parts and accessories are held in high regard in the Australian market.

MARKET OVERVIEW

In 2004, Australia was the third largest market for U.S. pleasure boats, after Canada and Mexico. It is projected that, if current trends continue, Australia will overtake Mexico during 2005 as the second largest. Australia's 23,000 miles of coastline is dotted with U.S.-made and equipped boats of all sizes, whether for fishing, diving, skiing or just cruising and enjoying the waterways.



Since 2001, the Australian boating industry has been experiencing buoyant growth, and increasing sales of boats and equipment. Australians are experiencing an unprecedented surge in wealth, stemming from solid prices and strong demand for commodities and resources. Boat sales of established brands are up, and new brands are also entering the market. Whether used for sailing, cruising, or just messing about, boats of all sizes are in demand. Sales of larger craft exhibited a significant surge in 2004, reflecting the growing popularity of larger cruising craft. The effect of the stronger Australian dollar also underscores Australia's import performance.

Australian imports (world) (HS code8903) (US\$ millions)	<u>2002</u>	<u>2003</u>	<u>2004</u>
Motorboats, inboard	37.17	45.98	164.10
Sailboats	21.23	28.22	38.91
Pleasure/sport/yachts, outboard	17.78	27.27	38.63
Pleasure/sport/inflatable	3.72	5.78	5.76
Total	79.90	107.25	247.40
Australian imports (U.S.)			
Motorboats, inboard	9.08	14.10	69.41
Sailboats	7.69	13.12	15.34
Pleasure/sport/yachts, outboard	2.42	2.39	7.69
Pleasure/sport/inflatable	0.17	0.02	0.46
Total	19.36	29.63	92.90
U.S. share	24.2%	27.6%	37.5%
Based on rate of exchange (1 A\$ = US¢)	.54	.66	.74
Source: Australian Bureau of Statistics			

Most Australians live near water. The desire for a water-related lifestyle, coupled with higher levels of income, has resulted in a surge in sales of larger craft, with trade shows reporting record sales. The number of registered boats in Australia is increasing. Currently, in total there are 734,374 registered boats in Australia, around 90% of which are estimated to be engine-powered, the remainder being powered by wind. Additionally, there are an estimated 110,000 boats that do not require registration.

Local Australian boat-builders are developing a strong export trade, and the need to equip and finish these locally built craft is also helping U.S. export sales. This has resulted in a strong demand for items such as rod-holders, storage systems, navigation and deck lights, electronics, pumps, refrigerators, radios, paints, hardware, etc. Increasingly, Australian boat builders are making gains in nearby Asian markets.

Among the Australian Marine Industries Federation 2004 boating awards, there was a mix of local and imported craft among the finalists. Australian builders Riviera, Whitley and Powercat fared well, while Cobalt, Four Winns and Sea Ray from the U.S. were considered to be the best of the overseas builders.

Australia – U.S. Free Trade Agreement



The U.S. and Australia began trading under a Free Trade Agreement (AUSFTA) on January 1, 2005. U.S. exports incurring the traditional 3-5% tariff were freed of duty under the Agreement. Exports are broad-based

and range from yachts to motorboats and also include components such as engines, raw materials, motors, fiberglass resins and motor components for which the latest technology is required. U.S. companies are gradually increasing market share for many products, and USCS looks forward to the FTA adding further incentive to “buy American”.

Boat Ownership

By June 2005, the number of registered boats in Australia had reached an all-time high of 734,374. Figures by State are:

New South Wales	203,393	South Australia	55,100
Queensland	193,460	Northern Territory	26,500
Victoria	155,000	Tasmania	24,662
Western Australia	76,259		
		Total	734,374

Each State in Australia can be defined almost as an individual market. **Queensland** claims to be the largest boating market, with its 8,000 miles of coastline. Boating Industry Association of Queensland President, Barry Jenkins, said recently that *“Queensland boating registration statistics over the past twelve months showed a strong growth rate of approximately four per cent across the board. Registrations of vessels above 9 meters (28ft) have doubled and, in some demographics, tripled”*.

There are currently 193,460 registered vessels in Queensland, thirty five per cent of which are over 18 feet in length. The major boat show in Australia takes place at Sanctuary Cove on the Gold Coast, where in May each year over 50,000 visitors view boating exhibits from twenty countries. Queensland boasts world-class sailing grounds, (including the Great Barrier Reef), an export industry where two-thirds of Australian recreational boat exports are manufactured, rapidly expanding super-yacht development opportunities, and a world-class marine infrastructure.

There are 203,393 registered craft in **New South Wales**. Registrations are increasing at a rate close to 3%. The demand for registration is increasing faster than population growth. Yachting NSW, representing the competitive yachting community in the State, has 13,500 sailing members, which constitutes approximately one-third of the national membership. About a third of the nation’s 640 marine equipment suppliers are located in New South Wales.

Boat registrations in **Victoria** have increased 16% in a decade, reaching a record 155,000. Charter vessels are an increasing component of recreational boating in Victoria. Registered commercial charter vessels are being used for whale spotting and sightseeing of coastal features such as seal and bird colonies.

The State Government of Victoria, through its agency Marine Safety Victoria, announced in late June 2005 a \$3.8 million injection into an ongoing boating program to:

- boost boating safety education and training;
- purchase search and rescue vessels and equipment;
- acquire navigation aids and boating safety signage;
- upgrade boating facilities.

Applications for the latest funding can be submitted until 8/19/05. For more details, see: www.marinesafety.vic.gov.au

In **South Australia** there are 55,100 registered recreational motorboats. South Australians, claiming to have the highest per capita boat ownership in Australia, enjoy diverse aquatic activities ranging from fishing, sailing, holiday houseboats, water skiing, kite surfing or riding personal watercraft. The State's population is in love with the water, and increasing numbers are retiring near the water to enjoy an aquatic lifestyle.



There are 76,259 registered recreational vessels in **Western Australia**. This includes boats from 18ft with a motor greater than five horsepower. There are many thousands of other boats including substantial sailing yachts not registered. There are various estimations of the possible total number of boat operators in the State, ranging up to 250,000 people. The Yachting Association of Western Australia is reputed to have data indicating that the State has more boat operators who have completed voluntary training courses than all the other States and Territories combined. No other state requires a recreational boat driver to complete a compulsory training course to obtain a boat driver's license, and there is no available evidence of safety benefits directly attributable to licensing. The overall improvement in general safety standards, combined with voluntary training has shown significant improvements in marine safety.

Most Popular Uses

Australia is a large market for trailer boats - boats with outboard motors that can be lifted from the water and stored indoors. These boats are usually used for pleasure cruising or fishing. Privately owned boats, charter operators, marinas and dealerships proliferate close to the population centers. Water-borne holidays feature prominently among Australians' choice of vacation. Australians and New Zealanders boast Olympic and international recognition for their boating achievements. Between the two nations, they have won many Olympic medals for rowing and sailing. Australia was the first non-American country to win the America's Cup for yachting in 1983, New Zealand winning in 1995. An Australian, Ken Warby, holds the current World Water Speed Record.



Pleasure cruising in Australia is seen as a sport and recreation for all people and there are boats and activities designed for every age group. Boats are moored and launched from marinas and ramps along coastal and inland waterways. People who don't own their own boat can hire to cruise, row or sail with or without charter and crew to travel at the speed of the wind, or at full throttle in a speed boat. There is a concentration of offshore cruise and boat charter

operations on the northern coast of Queensland, along the inshore edge of the Great Barrier Reef. Small boat hire is concentrated in the south east of the state near the state capital, Brisbane. There is a thriving houseboat sales and hire industry in Australia's most extensive lake and river system, in the Gippsland area in eastern Victoria.



Fishing is one of Australia's biggest industries. According to the Australian Recreational and Sports Fishing Confederation, about five million people go fishing for sport and recreation each year. Most of Australia's recreational fishing is undertaken along the coast and estuaries of the East Coast (New South Wales, Queensland and Victoria), denoting the best fishing areas and the geographic spread the population.

Freshwater recreational fishing in inland areas of Australia plays an important role in regional economies. About 80% of the fishing market is comprised of powerboats.

MARKET ENTRY

Standards

From July 2005, an Australian Builders Plate will be required on most recreational boats either built in or imported into Australia. The Australian Builders Plate is a national standard that provides essential safety information on the uses and limitations of most new or imported recreational boats. The new standard will provide information on the maximum number of people and load of a boat, as well as buoyancy performance and engine weight and rating. All manufacturers and importers of new recreational boats will be required to permanently affix an Australian Builders Plate to boats built or imported for use in Australia. Details are available from the National Marine Safety Committee at www.nmsc.gov.au.

In most States, boats are required to be registered if mechanically-propelled and capable of traveling at 10 knots or over, or over 18 feet long and mechanically or sail-powered.

There are no discriminatory barriers to importing boats into Australia from the U.S. There are standards which apply to boating, covering both local manufacture and imports. The standards writing body in Australia is *Standards Australia* (see below), an independent not-for-profit organization whose primary role is to prepare Australian standards through an open process of consultation and consensus in which all interested parties are invited to participate.

There is a difference in legal towing widths between Australia and the U.S. In the U.S., the maximum legal towing width is 8½ ft, whereas in Australia the maximum legal width for towing is 8¼ ft. The maximum legal towing length in most Australian states is 20ft.

U.S. manufacturers considering exporting trailers with boats need to consult Australian standards with regard to lights, safety chains and coupling. Problems have also been identified with axles and bearing sets which are not easily repaired or serviced with spares in Australia.

Standards Australia is located at:

1 The Crescent
Homebush, NSW 2135
Tel: 61 2 9746 4600
Fax: 61 2 9746 3333
Email: sales@standards.com.au
Website: www.standards.com.au

Applicable standards include:

AS17899.1-1992: Small Pleasure Boats Code - General Requirements for Power Boats.

This specifies requirements for determining maximum persons and power capacities and for stability, reserve buoyancy and general design features of powerboats up to 45 ft in overall length and used as pleasure boats.

AS 1799.2-1989: Small pleasure boats code - General requirements for yachts.

AS1799.3-1985: Small Pleasure Boats Code - Engineering. The standard sets out requirements for propulsion systems, ventilation, bilge pumping, electrical systems, steering and other mechanical features of pleasure boats up to 45 ft in overall length.

Distribution

Marine product distribution is typically through distributors or sales agents. There are a number of accessory distributors who distribute on a nationwide basis to boat dealers and specialist stores, selling all types of boating accessories and fishing gear. Boat dealers stock a wide range of marine accessories with relatively high profit margins. Regionally, marinas are located along the coastline where there is shelter for moorings. Most marinas include a chandlery where boating supplies and accessories can be obtained, and more often than not a brokerage where boats are bought and sold. There are a number of magazines specializing in boat sales (e.g. Trade-a-Boat), and Internet sites featuring boat sales are becoming popular (e.g. <http://boatpoint.ninemsn.com.au>).

Competition

Strong competition in Australia comes from European builders, and more recently, from Asian sources. During 2004, major competitors were from the UK, France, New Zealand, and Taiwan. Well-known names in the market include Fairline, Princess, and Sunseeker, Beneteau, Bavaria, Hanse, Hallberg-Rassy, Dufour and Jeanneau.

Australia is world leader in the design, construction and quality of alloy and fiberglass boats, and is actively exporting up to two-thirds of its production in some sizes. Riviera is hailed as the biggest, with a large number of well-known local makes such as Mustang, Quintrex, Cruise Craft and Whittley. Boat building is one of the fastest growing industries in Australia, particularly on Queensland's Gold Coast. Australia has a growing international reputation for the design and production of high quality fiberglass, luxury cruisers, yachts and light commercial boats. The industry designs and produces world-class component parts and accessories for these types of boats. Australian boating industry establishments are located: 35% in Queensland; 24% in New South Wales; and 21% in Western Australia. Australian boat builders are exporting successfully to the U.S., and recently, to Asian buyers.

TRADE SHOWS

Trade shows featuring recreational boating and fishing take place annually throughout Australia. One of the largest is the **Sanctuary Cove International Boat Show**, which takes place in May each year on Queensland's Gold Coast. This show is recognized as Asia-Pacific's largest on-water boat show. The event showcases power and sail, electronics and marine products, and includes Australia's only Super Yacht pavilion. Each year in excess of \$250 million worth of boats are on display.

The next show will take place May 18-21, 2006.
The organizer can be contacted at:

PO Box 204, Sanctuary Cove
Queensland 4212, Australia.
Tel: +61 7 5577 6868
Fax: +61 7 5530 8067
<http://www.sanctuarycoveboatshow.com.au/>



The U.S. Commercial Service will offer a variety of services to U.S. firms interested in participating in the 2006 Sanctuary Cove International Boat Show, including introductions to potential distributors, assistance to exhibitors in the show, and a catalog and product literature exhibit for all types of U.S. manufactured marine craft and accessories. Please contact Commercial Specialist Phil Keeling program information at: phil.keeling@mail.doc.gov

*The Sanctuary Cove Show organizer has told USCS that U.S. companies considering taking exhibit space at the 2006 show should **BOOK EARLY!** Almost all exhibit space for the 2005 show was sold out five months in advance. Because of the good relationship with USCS, a limited number of booths will be available for USCS Sydney contacts. Interested companies are advised to contact USCS as soon as possible to avoid disappointment!*

KEY CONTACTS

Regulatory Agencies

New South Wales Waterways
www.waterways.nsw.gov.au

Marine Safety Victoria
www.marinesafety.vic.gov.au

Maritime Safety Queensland
www.msq.qld.gov.au

Transport South Australia:
www.transport.sa.gov.au

iMarine Western Australia
www.dpi.wa.gov.au/imarine

Infrastructure Planning and Environment
Northern Territory
www.nt.gov.au/ipe/dtw

Marine & Safety Tasmania
www.mast.tas.gov.au

Trade Associations

Australian Marine Industries Federation (AMIF)
www.amif.asn.au

Marina Association of Australia
<http://www.marinass.net.au>

Boatpoint Australia Electronic News
<http://boatpoint.ninemsn.com.au/>

The Boating Industry Association in Australia is organized by State. Web sites are:

New South Wales - www.bia.org.au

Victoria - www.biavic.com.au

Queensland - www.biaq.com

South Australia - www.boatingsa.com.au

Western Australia - www.biawa.asn.au

Northern Territory - www.boatshows.com.au/Darwin.html

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